

TESTIMONY SUBMITTED TO THE CONNECTICUT GENERAL ASSEMBLY
PUBLIC HEALTH COMMITTEE

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Submitted by Bonnie B. Gauthier
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My name is Bonnie Gauthier and I am the President and CEO of Hebrew Health Care in West Hartford, Connecticut. Hebrew Health Care has a 108-year history of providing service to the aging of the Greater Hartford Community and today is a system of pre- and post-acute institutional, residential and home and community-based services, including a 45-bed chronic disease hospital, a 287-bed skilled nursing facility and a 65-unit assisted living community currently under expansion. I am submitting this written testimony in support of proposed legislation, SB 401, An Act Concerning the Establishment of an Improved Reimbursement Methodology for Nursing Home Facilities.

Over the 30 years of my work in long term care for older adults in Connecticut, I have watched the evolution of a reimbursement system for skilled nursing facilities under the state's Medicaid program which has grown increasingly disconnected from the needs of frail older adults, the demands of the Federal and state governments and of consumers for improved quality in nursing home care, and the simple facts of escalating labor, utilities and other mandated costs. Arbitrary and artificial cost categories, and equally arbitrary "caps" on those cost categories, have undermined the reimbursement necessary to support nursing home services, and to promote efforts which improve care. In fact, these caps often create a disincentive to quality improvement efforts—driving facilities to a "middle ground" of average costs so that they will not be penalized in reimbursement.

That being said, the reimbursement methodology in effect today is further eroded by annual "overall caps" which legislatively depress reimbursement increases that would result from gradual movement upward of the caps within cost categories, as rising costs of doing business creep upward; and the state's failure to rebase costs, in accordance with statute, as is occurring this year because of the state's budget distress, also undercut the financial health of nursing facilities across our state. Absent these failures to allow reimbursement to increase as actual allowable costs increase, nursing facilities might still be able to achieve financial stability. But as the current methodology is implemented—or more accurately, not implemented—such financial stability becomes less and less achievable—as evidenced by the number of homes currently in receivership, or considered "marginal" by the state.

The result: chronic financial weakness and distress among nursing facilities; facility failures; receiverships (costing the state additional money); increasing requests for interim reimbursement rates; turnover in ownership; distrust among consumers and fear among nursing home residents and their families. At an annual program in December 2008, a representative of the State Department of Public Health reported that there were, at that time, 11 nursing homes in the state in federal bankruptcy

court, 4 in active receivership and 6-8 more which the state considered to be “on the brink.” The representative went on to say that since 2002, 22 nursing homes have closed. We know that this number has climbed since last December, with the latest closing reported just last week.

We urge you to support SB401 as a first step toward examining and “righting” the methodology used to calculate nursing home reimbursement in our state in the interests of its frail elderly citizens and their families.

Thank you for your attention and consideration. I am happy to answer any questions you might have regarding this testimony and can be reached at: 860-523-3892 or at bgauthier@hebrewhealthcare.org.